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# The Treasury Note

A monthly newsletter of California municipal finance  
June 1, 2002

## California Health Facilities Financing Authority (CHFFA)

*The Treasury Note* is proud to present another article in a continuing series intended to familiarize our readers with the different types of bonds issued by the State Treasurer's Office. This article features the bonds issued by California Health Facilities Financing Authority (CHFFA).

CHFFA was established by state statute in 1979. CHFFA was created as a vehicle for providing financial assistance to public and non-profit health care providers in California through loans funded by the issuance of tax-exempt bonds. The savings resulting from the issuance of these tax-exempt bonds are transferred to the public via lower or contained costs for health care services. Since 1981, CHFFA has issued over \$14 billion in bonds.

In order to meet the requirements for CHFFA financing, an institution must be a public hospital, private non-profit corporation, or an association authorized by the laws of California to provide or operate a health facility and undertake the financing or refinancing of a project. Examples of these licensed facilities include, but are not limited to, hospitals, adult day health centers, community clinics, centers for the developmentally disabled, drug and alcohol rehabilitation centers, and dental clinics. The facilities are able to acquire funding for projects such as construction; remodeling and renovation; land acquisition for purposes of the proposed project; acquisition of existing health facilities; purchase or lease equipment; refinancing or refunding of prior debt; and costs of bond issuance, feasibility studies and reimbursements of prior expenses.

When CHFFA issues revenue bonds, the borrower is responsible for repayment of the bonds through

its facility's revenue. CHFFA conducts a detailed analysis of the financial condition of the borrower, including its financial statements. If the facility is found to be in good order and able to meet the financial obligations of a bond issue, the borrower is put on the agenda for the next month's public board meeting. When approved, the bond issue is then scheduled for either a public or private sale. Within thirty days of the bond sale, a closing takes place and the transaction is completed.

CHFFA offers both insured and un-insured bonds. The majority of the bonds CHFFA issues are in the A or better credit rating categories or they carry insurance or credit enhancements that puts them in those categories. Recent changes in the CHFFA bond issuance guidelines allow it to issue un-insured bonds that are below the A ratings. In the past year, CHFFA has sold bonds rated as low as BBB and as high as AAA.

CHFFA also administers the Pooled Bond Financing Program. Borrowers with more modest financing needs are sometimes grouped or "pooled" by CHFFA into a single bond financing, where bond issuance costs are shared by participants. This type of financing will generally allow a borrower to finance a loan for a minimum of \$500,000 for eligible projects.

CHFFA issues bonds throughout the year to support these programs. Last year, CHFFA issued approximately \$419 million in bonds. The next CHFFA board meeting is tentatively scheduled for June 27, 2002. For more information, you can visit CHFFA's website at [www.treasurer.ca.gov/chffa/](http://www.treasurer.ca.gov/chffa/) or call (916) 653-2799.

## Redemptions & Defeasances

This listing reflects redemptions and defeasances officially announced as of June 1, 2002. Questions regarding redemptions or registration information can be directed to Investor Relations.

**Department of Veterans Affairs of the State of California, Home Purchase Revenue Bonds, 1998 Series A, Dated Date: May 5, 1998 (Partial Redemption).** \$2,855,000 of the bonds due December 1, 2018 and \$6,900,000 of the bonds due December 1, 2019 were redeemed on June 1, 2002.

**California State University Student Union Revenue Bonds, Dominguez Hills Series A and Stanislaus Series B, Dated Date: September 1, 1991; and Sacramento Series B, Dated Date: February 1, 1993 (Full Redemption).** All bonds were redeemed on June 1, 2002.

**Department of Water Resources of the State of California, Central Valley Project Revenue Bonds (Devil Canyon and Castaic Facilities), Dated Date: July 1, 1972 (Partial Redemption).** \$2,720,000 of the bonds due July 1, 2012 will be redeemed on July 1, 2002.

**Department of Veterans Affairs of the State of California, Home Purchase Revenue Bonds, 2000 Series A, Dated Date: March 1, 2000 and 2000 Series B, Dated Date: May 1, 2000 (Full Redemption).** All of the bonds due December 1, 2003, December 1, 2004, December 1, 2005 and December 1, 2006 were redeemed on June 1, 2002.

The following bonds will be redeemed conditioned upon the issuance and delivery of the State of California, Department of Water Resources, Central

Valley Project Water System Revenue Bonds, Series X, prior to the redemption date:

**State of California Department of Water Resources, Central Valley Project Water System Revenue Bonds, Series J1, Dated Date: January 1, 1992 (Partial Redemption).** \$8,295,000 of the bonds due December 1, 2022 will be conditionally redeemed on July 1, 2002.

**State of California Department of Water Resources, Central Valley Project Water System Revenue Bonds, Series J2, Dated Date: January 1, 1992 (Partial Redemption).** \$10,415,000 of the bonds due December 1, 2022 will be conditionally redeemed on July 1, 2002.

**State of California Department of Water Resources, Central Valley Project Water System Revenue Bonds, Series J3, Dated Date: January 1, 1992 (Partial Redemption).** \$17,610,000 of the bonds due December 1, 2022, \$9,495,000 of the bonds due December 1, 2023, and \$5,190,000 of the bonds due December 1, 2024 will be conditionally redeemed on July 1, 2002.

**State of California Department of Water Resources, Central Valley Project Water System Revenue Bonds, Series K, Dated Date: May 1, 1992 (Full Redemption).** All of the bonds due December 1, 2002 and December 1, 2003 will be conditionally redeemed on July 1, 2002.

**For Information & Assistance  
call Investor Relations  
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## Bond Sales Calendar <sup>1, 2</sup>

If you are interested in purchasing any of these bonds, please contact your broker two weeks before the sale date. For updated information, check our website ([www.treasurer.ca.gov](http://www.treasurer.ca.gov)) or call Investor Relations.

PROPOSED BOND SALE	AMOUNT	SALE DATE
California Infrastructure and Economic Development Bank, Clean Water State Revolving Fund	\$300 million	Summer 2002
Veterans General Obligation Bonds	To Be Determined	Fall 2002
Department of Water Resources Power Revenue Bonds	To Be Determined	To Be Determined

<sup>1</sup> Subject to change

<sup>2</sup> Economic refundings may be added